GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:4986
ANSWERED ON:24.04.2003
PRICES OF PETROLEUM PRODUCTS
IQBAL AHMED SARADGI

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the oil companies maintaining prices of petroleum products below the import-parity levels are suffering revenue losses;

(b) if so, the details of losses suffered so far;

(c) whether oil industry has been maintaining lower price than the international prices of the product;

(d) whether the oil industry had urged the Union Government to take necessary changes in the duty structure or institutionalise a mechanism by which the impact of such volatilities could be reduced; and

(e) if so, the steps being taken by the Government in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATRUAL GAS (SHRI SANTOSH KUMAR GANGWAR)

(a) to (c): With the dismantling of Administered Pricing Mechanism in the petroleum sector effective 1st April 2002, the pricing of all petroleum products, except for PDS Kerosene and domestic LPG which are subsidized products, has become market determined. The prices of petroleum products are now being fixed by the oil companies. The making of profit or incurring loss by an oil company would inter-alia depend upon factors such as the prevalent international price of crude oil and petroleum products, cost of production and distribution, demand, marketing strategy etc. The profit or loss of any oil company would be known only after the finalisation of annual accounts.

(d) and (e): Rationalization of duty structure is a continuous process and appropriate changes are made by the Government in the duty structure from time to time.